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Benelux Morning Notes

29 July 2013

COMPANY COMMENTS

Banimmo: 2Q13 value loss on City Mall compensated for by Montea gains booked
KPN: AMX terminates Relationship Agreement
Quest For Growth: feedback from analyst meeting
TKH Group: expands position in smart parking solutions
TNT Express: 2Q13 results more or less in line, outlook seems unchanged
Ziggo: Liberty Global expands Ziggo stake to 28.5%

MACRO NEWS

US: Feeling good
Eurozone: Rates strategy
UK: Leveraging-up the recovery
Ireland: Bailout nears end in mixed economic environment

THIS MORNING'S RESEARCH (CLICK ON LINK FOR FULL REPORT)

USG People/Work in progress II/HOLD

We maintain our HOLD rating on USG People, but raise our TP a touch from €5.50 to €5.75, reflecting the increased cost savings guidance. Our TP is based on the historical average PER target multiple of 11.9x applied to our FY14F EPS estimate. USG's 2Q results were more or less in line, and USG highlighted some spark of positive trends towards the end of the quarter. However, we remain cautious, as we are not convinced about a Dutch recovery (weak in 2Q), and the restructuring in the Netherlands might continue to put pressure on USG's market share. The positives were the significant increase in the cost savings target and the relaxation of the balance sheet, although quite costly. USG is a restructuring story in tough end-markets, and the cash flow will be under pressure over the next 18 months. We feel it is too early to play a Benelux recovery yet.

Maintained

Hold

Price (26/07/13)	€1.89
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Maintained

Target price (12m)	€3.10
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Forecast total return	63.7%
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Market cap	€2,712.2m
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Bloomberg	KPN NA
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KPN: AMX terminates Relationship Agreement

AMX has terminated the relationship agreement dated 20 February 2013, with immediate effect. Note that AMX could do so should there be an offer for any outstanding share capital of KPN or an offer for a material subsidiary of KPN, such as E-Plus. Following the termination of the relationship agreement the standstill has also ended. AMX may now increase its shareholding to 30% or more of the voting rights attached to KPN's share capital, subject to mandatory offer and other statutory requirements. The two AMX designees in KPN's Supervisory Board will remain in place as long as AMX holds 20% or more of KPN's share capital, and at least one designee as long as AMX holds 10% or more of KPN's share capital. Note that the relationship agreement also included: (1) access to the strategic experience and commercial and financial expertise of AMX; (2) investigation of potential areas of business cooperation with the aim to realize synergies.

All in all, we believe that the termination of the relationship agreement, in combination with widely-reported rumours that AMX finds the sale price of E-Plus too low, could increase the likelihood of AMX preparing a bid for KPN.

Emmanuel Carlier, Brussels +32 2557 1691

Maintained

Hold

Price (26/07/13)	€6.57
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Previous target price (12m)	€6.70
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Target price (12m)	€6.90
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Forecast total return	5.0%
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Market cap	€75.8m
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Bloomberg	QFG BB
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Quest For Growth: feedback from analyst meeting

Main take-aways from the analyst meeting include:

- Quoted equity remained the best-performing asset class during 1H13, followed by funds and unquoted companies.
- The weighted average forward PER of the portfolio stood slightly above 14x, in our view an equitable valuation multiple for a growth-oriented portfolio.
- In the short term, return on funds will be primarily driven by external funds. The funds managed by Capricorn are still from a young vintage, and hence can be considered as still in their investment period.
- Additional milestone payments from the selling of portfolio company Syntaxin are valued by Quest on the back of a probability-based DCF valuation model and will, from the July portfolio update onwards, be accounted for as a receivable by Quest. Going forward, the receivable will see valuation adjustments as a function of the realization of the milestone payments and the estimated probability.

Our updated NAV stands at €9.9 per share. We value Quest using a 30% target discount. Consequently, we lift our TP to €6.9. We rate Quest a HOLD, as we believe it is fairly valued, trading at a 34% discount to NAV.

Quest's share price and NAV performance are heavily geared towards general stock market performance. Any re-rating triggered by positive macro-economic or political developments could lift Quest's NAV and trigger a narrowing of the discount. Conversely, any equity market sell-off could adversely affect Quest's NAV and trigger a widening of the discount.

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